

DRAFT WIND-UP & DISSOLUTION PROCEDURE ACTIONS

Item	Action	Responsible Party	Status
#1	MCL 450.2804(2) PSA board adopts resolution to dissolve corporation and plan of distribution of assets to be implemented. PSA authorizer must be notified & approval obtained from authorizer if not already completed.		
#1	Board to appoint group or person to be responsible for the wind-up activities.		
#1	Board must approve operating plan with timetables for completion of wind-up & dissolution tasks. Funds must be set aside to: complete required inventory, appraisal and sale of assets at fair market value, completion of final audit. UCC search should be ordered to determine if there are any secured creditors.		
#1	Building, property, equipment and all assets must be secured against theft, misappropriation and deterioration. Insurance should be maintained on assets until disposed of according to the plan for disposition of assets.		
#2	<p>Establish a temporary office or base of operation:</p> <ul style="list-style-type: none"> a. Publish notice of location of office and hours of operation. b. Install telephone with voice message stating hours of operation. c. Hire an individual to act as custodian of and maintain and disburse student files, and other documents, files and records. d. Perform day-to-day wind-up duties as required, and e. Maintain custody of business records until all business and transactions are completed. f. Terminate all leases, service agreement and other contracts not required for completion of wind-up. 		

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#3	<p>The PSA must notify all interested parties of the dissolution and the closing of operations in <u>writing</u>, including the following: Parent or guardian of any student and any student 18 years of age or older within 7 days of the date the adoption of the resolution to dissolve the PSA.</p> <p>Advise the parent, guardian or the student 18 of age or older to contact the school where the student intends to enroll and to have the student's new school contact the PSA to have the student's educational record, commonly known as the CA-60, transferred to the new school. MCL 380.1135.</p> <p>Establish a follow-up procedure to determine where any student who has not attained the age of 16 will be continuing his or her schooling. MCL 380.1561. The follow-up procedure should begin no later than 28 days after adoption of the resolution to dissolve the PSA.</p> <p>If the PSA is not contacted by a school requesting that the student's record be transferred within 49 days of adoption of the resolution to dissolve, the PSA must notify the Intermediate School District's (ISD) attendance officer. MCL 380.1586.</p>		
#3	<p>Notify Intermediate School District (ISD) and all school districts within the ISD within 3 days of adoption of the resolution to dissolve the PSA.</p>		

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#3	Notify creditors and any others with whom the PSA has transacted business and each agency or other entity from whom the PSA receives funds within 14 days of adoption of the resolution to dissolve the PSA. Advise that creditors file claims with the Board or its designee		
#3	The Attorney General's office must be notified of the dissolution by registered mail at least 45 days before the desired date of dissolution. MCL 450.251. (Also see Item #8.		
#3	If a PSA has issued bonds, the bond attorney should be contacted ASAP following the board resolution to dissolve and advised of the dissolution process regarding final closeout issues.		
#3	The PSA shall notify all banks and other financial institutions that all previously executed authorizations permitting individuals who are not members of the PSA board to draw on an account shall be immediately revoked. Only delegated members of the board shall be able to draw funds from the PSA's accounts.		
#4	Any unencumbered assets must be liquidated. (All unencumbered assets should be sold in a manner to ensure that the highest possible price is obtained.) If an asset is subject to a security interest, the secured party must be contacted. Assets of the PSA shall not be given away, except as authorized by law.		
#4	NOTE: <i>Board members should not purchase any asset of the PSA unless the purchase is disclosed to board of directors and the disclosure is made matter of record in the board's official proceedings and a roll call vote is taken on the matter. This process must also be used in the event that any close relative of a board member, employee or student of the PSA purchases an asset of the PSA.</i>		

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#4	The assets (net proceeds) of the PSA must be applied and distributed pursuant to law as follows:		
#4	All liabilities and obligations of the PSA must be paid and discharged, or adequate provision must be made therefore. MCL 450.2855(a).		
#4	Assets held subject to written conditions or limitations must be disposed in accordance with those conditions or limitations. MCL 450.2855(b).		
#4	Assets received and held by the PSA subject to limitations permitting their use only for charitable, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution, shall be transferred or conveyed in accordance with any provisions in the articles of incorporation or bylaws which designate 1 or more recipients or a mechanism for determining 1 or more recipients which are domestic or foreign corporations, societies, or organizations, including governmental agencies, engaged in activities furthering such purposes.		
#4	If the articles of incorporation or bylaws of the PSA do not contain such provisions, such assets shall be transferred or conveyed to 1 or more domestic or foreign corporations, societies, or organizations, including governmental agencies, engaged in activities substantially similar to or consistent with those of the dissolving PSA. An itemized receipt must be obtained from each recipient of an asset. The receipt must contain the name, address and telephone number of the recipient. MCL 450.2855(c).		

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#4	Closeout any federal grant and account for any federal grant funds, property owned by the federal government or property acquired under a federal grant. See 34 CFR Part 80, subpart C (Post-award Requirements) and subpart D (After-the-Grant Requirements).		
#4	Any remaining fund balance, including funds from the liquidation of assets, are to be sent via check made out to the State of Michigan and mailed to the Michigan Department of Treasury, Receipt Processing Division, Attention: Mr. Tom Sharpe, P.O Box 30788, Lansing, Michigan 48909. Per MCL 388.1618b. A letter should accompany the check explaining the return of the funds for deposit to the School Aid Fund, and identify the public school academy and a contact person representing the board.		
#5	The board should continue to hold public meetings, in accordance with the law, to administer the various actions involved in the wind-up and dissolution process.		
#6	Before filing the certificate of dissolution with the Department of Consumer and Industry Services, the PSA must take the following steps:		
#6	Closeout any state grants, including filing the required Final Expenditure Reports (FER), which can only be filed via Cash Management System (CMS) and Final Program Performance Reports.		
#6	Closeout any federal grants, including filing the required Final Expenditure Reports (FER), which can only be filed via Cash Management System (CMS) and Final Program Performance Reports.		
#6	File Federal form 269 or 269a for PSAs receiving funds directly from the United States Department of Education,		

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	if required. 34 CFR 80.41.		
#6	File Notice of Discontinuance with the Department of Treasury. (Treasury Form 163).		
#6	File a final withholding tax return. (Treasury Form 165).		
#6	File a tax clearance request for corporate dissolution with the Department of Treasury. (Treasury Form 501). (A certificate of dissolution will not be accepted for filing by the Michigan Department of Consumer & Industry Services, Bureau of Commercial Services, Corporation Division, unless the corporation has paid in full all taxes owed to the State of Michigan or that the corporation is exempt from the provisions of various tax statutes administered by Treasury.)		
#6	File a final school meals claim via MEIS within 60 days of the last month in which meals were served. Additionally, conduct a final inventory of all United States Department of Agriculture commodities and arrange, through Michigan Department of Education, Food and Nutrition Program, to transfer those commodities to another school.		
#6	File a final expenditure report FER for special education state funds. (MDE form SE-4096).		
#6	File a final return with IRS. (Form 990 and Schedule A).		
#6	Make final federal tax payments. Every employer, including a tax-exempt organization, which pays wages to employees, is responsible for withholding, depositing, paying, and reporting federal income tax, social security taxes (FICA), and federal unemployment tax (FUTA) for such wage payments.		

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#6	If applicable, notify the Office of Retirement Services or other benefit providers of the effective date of the dissolution of the PSA.		
#6	File its annual comprehensive financial report, known as "FID" for its last year of operations. MCL 388.1618(3).		
#6	File its annual progress report, known as the "PA 25 report." MCL 380.1204a; MCL 388.1619.		
#7	The board must arrange for the final independent audit of the dissolution period and file with the MDE, Office of Audits. MCL 388.1618(2).		
#8	Notify the Department of the Attorney General, Charitable Trust Division of the dissolution by registered mail at least 45 days before the desired date of dissolution, per MCL 450.251. Mr. Joseph Kylman may be contacted for questions: 517-373-1152. To obtain the Attorney General's approval letter the PSA must submit the following:		
#8	A completed and signed Dissolution Questionnaire must be submitted to the Attorney General's office. (The questionnaire may be obtained from the Attorney General's office).		
#8	A complete copy of the articles of incorporation. The articles must show evidence of being filed with the State of Michigan.		
#8	If the PSA is a tax-exempt corporation, copy of the IRS determination letter and IRS returns for the last 3 years.		
#8	Audited financial statements for the last 3 years.		

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#8	An inventory of assets currently held. (Note if the organization still holds assets at the time the questionnaire is submitted, the Attorney General's approval will not be given. However, the PSA may still submit the Dissolution Questionnaire so that the Attorney General's office may begin its review. The Attorney General will send a letter asking for additional information including a final financial report and receipt for distributions of assets.)		
#8	Receipts or copies of cancelled checks, for distribution of assets to the State of Michigan, Department of Treasury.		
#8	Receipts for distribution of unliquidated assets to qualifying entities under 501(c)(3) of the Internal Revenue Code.		
#8	A statement of the board treasurer regarding the PSA's debts and obligations. The records of the PSA should be deposited with the final repository of its records.		
#8	A copy of the final independent audit of the dissolution period.		
#9	The PSA must negotiate with appropriate legal entities to determine what entity will be the final repository of its records. Such entities might include the Intermediate School District or local school district in which the PSA is located, the authorizing entity, or other public educational entity.		
#10	The records of the PSA must be deposited with the repository of its records as follows:		
#10	All PSA business records and records relating to federal grants must be kept in accordance with 34 CFR 80.42.		

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#10	In the event that student records have not been requested by another school and there is no record of the student's transfer to another district in the Michigan Student Data System (MSDS), the student or student's family, within 60 days of the closure of the PSA, a notice shall be sent to the last known address of the student as soon as possible after the 60th day following closure of the PSA, advising them where the record is on file.		
#10	The final repository for all PSA student records (that are not transferred to a student's new school) should retain those records in accordance with the "Schedule for the Retention and Disposal of Public School Records."		
#10	The final repository of all teacher records must retain a record of the teacher's dates of employment with the PSA and what courses he or she taught while in the employ of the PSA		
#11	The final repository of all business records of the PSA should retain business records in accordance with the Schedule for the Retention and Disposal of Public School Records.		
#12	Obtain approval letter from Attorney General.		
#13	File certificate of dissolution (DLEG Form BCS/CD 531), the Attorney General's approval letter and tax clearance from the Treasury Department with Department of Labor & Economic Growth, Bureau of Commercial Services, Corporation Division.		
#13	Final dissolution and wind-up actions:		
#13	Contract with authorizer is dissolved in writing, signed by authorizer and the board.		
	Public school academy board of directors tender		

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	resignations.		
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